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Federal Trade Commission  
15

16 **IN THE UNITED STATES DISTRICT COURT**  
17 **FOR THE EASTERN DISTRICT OF CALIFORNIA**

18 \_\_\_\_\_ )  
19 FEDERAL TRADE COMMISSION, )

20 Plaintiff, )

21 v. )

22 SHARED NETWORK SERVICES, LLC )  
a Limited Liability Company, sometimes doing )  
23 business as Shared Network Services and )  
sometimes doing business as 1st Page; and )

24 PETER WESTBROOK, an individual, sometimes )  
doing business as Shared Network Services )  
25 and sometimes doing business as 1st Page, )

26 Defendants. )  
27 \_\_\_\_\_ )  
28

Civil No. S-99-1087-WBS JFM  
Judge Shubb

**STIPULATION AND ORDER  
FOR PRELIMINARY  
INJUNCTION**



1 B. "Document" is synonymous in meaning and equal in scope to the usage of the term  
2 in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts,  
3 photographs, audio and video recordings, computer records, and other data compilations from  
4 which information can be obtained and translated, if necessary, through detection devices into  
5 reasonably usable form. A draft or non-identical copy is a separate document within the meaning  
6 of the term.

7 C. "Defendants" mean Shared Network Services, LLC, sometimes doing business as  
8 Shared Network Services, SNS or 1st Page, and Peter Westbrook, sometimes doing business as  
9 Shared Network Services, SNS or 1st Page, and each of their successors, assigns, officers, agents,  
10 telemarketers, servants, employees, subsidiaries or affiliates, and those persons in active concert  
11 or participation with them who receive actual notice of this Order by personal service or  
12 otherwise, whether acting directly or through any entity, corporation, subsidiary, division, or  
13 other device, unless specified otherwise.

14 D. "First Page" means that business entity doing business as Shared Network  
15 Services, LLC, Shared Network Services, SNS, or 1st Page, its subsidiaries or its affiliates.

16 E. "Telemarketers" means any business entities or individuals selling or soliciting any  
17 product or service on behalf of defendants, including, but not limited to the following entities:  
18 Signal2, 519 W. Carson, Carson, CA 90745; Premier Marketing 2, 3511 Camino Del Rio, San  
19 Diego, CA 92107; J & S Worldwide, 3540 Wilshire Blvd., Los Angeles, CA 90010; Advance  
20 Communications, 2201 W. Broadway, Anaheim, CA 92804; Diamond Telemarketing Express,  
21 9109 Village Glen Dr., San Diego, CA 92123; Telestar Marketing, 328 S. Central Ave., Medford,  
22 OR 97501; M&M Marketing, 5013 San Vicente, Los Angeles, CA 90019; Creative Marketing,  
23 599 Canal St., Lawrence, MA; and Tele-Cam Inc., 9515 E. Fowler Ave., Thonotosassa,  
24 FL 33592.

25 F. A "website" is a set of electronic documents, usually a home page and subordinate  
26 pages, readily viewable on computer by anyone with access to the Internet, standard software,  
27 and knowledge of the website's location or address.

1 G. A “web page” is an electronic document readily viewable on computer by anyone  
2 with access to the Internet, standard software, and knowledge of the website's location or  
3 address.

4 E. “Free” means that there is no cost or obligation whatsoever.  
5

6 **I.**

7 **PROHIBITED BUSINESS ACTIVITIES**

8 **INJUNCTION AGAINST MISREPRESENTATIONS**

9 **IT IS THEREFORE ORDERED** that, in connection with the advertising, promotion,  
10 offering for sale, sale or provision of any goods or services relating to Internet web site services,  
11 Internet web page services, Internet advertising services, or any other Internet services,  
12 defendants are hereby restrained and enjoined from making or assisting in the making of, expressly  
13 or by implication, directly or indirectly, orally or in writing, any false or misleading statement or  
14 representation of material fact, including but limited to representations that:

15 A. Defendants will not charge consumers before the end of a free trial period for web  
16 page services, if such is not the case;

17 B. Defendants will not charge consumers who cancel before the end of any free trial  
18 period for web page services, if such is not the case;

19 C. Defendants will not charge consumers for web page services if consumers cancel  
20 their web page services within a fixed period of time after receiving or accessing their web page  
21 for review, if such is not the case;

22 D. Defendants will not charge consumers for web page services unless consumers  
23 take affirmative steps to order web page services beyond a free trial period, if such is not the case;  
24 and

25 E. Consumers are legally obligated to pay for web page services that were not  
26 authorized by the consumers or their agents.  
27  
28

1 **II.**

2 **LIFTING OF ASSET FREEZE AND SUBSTITUTION OF OTHER SECURITY**

3 **IT IS FURTHER ORDERED** that the asset freeze imposed by this Court under its TRO  
4 is hereby lifted as to defendants, and in substitution therefor, defendants shall give plaintiff FTC a  
5 perfected security interest in defendants' computer equipment, which interest shall be filed in  
6 accordance with the laws of California by Friday, June 11, 1999. Defendants shall not sell, lease,  
7 transfer, or otherwise encumber such equipment during the pendency of this matter. Defendants  
8 shall maintain such equipment in good working order and shall use due diligence in ensuring that  
9 such equipment is kept safe and intact. Should defendants fail to comply with any part of this  
10 provision, upon notice by plaintiff, and without further Order of this Court, the Asset Freeze shall  
11 be reinstated against defendants under the same terms and conditions contained in the TRO.

12  
13 **III.**

14 **TAPE-RECORDING OF CONSUMER CALLS**

15 **IT IS FURTHER ORDERED** that, in the event defendants, their agents, or  
16 telemarketers, tape-record any conversation with a consumer to verify or confirm that a consumer  
17 is agreeing to purchase defendants' goods or services, defendants are restrained and enjoined  
18 from accepting or processing such purchases unless the tape-recording meets the following  
19 criteria:

20 A. After obtaining permission from the consumer to tape-record the conversation, the  
21 tape-recording shall reflect the entirety of the conversation;

22 B. The tape recording must clearly reflect the consumer's agreement to tape-record  
23 the call; and

24 C. The tape recording must include clear, conspicuous, and understandable  
25 disclosures of all material terms of the purchase, and that the consumer has expressly agreed to  
26 the material terms. The material terms disclosed in the tape-recorded conversation shall be  
27 consistent with any material terms previously disclosed to the consumer. Material terms include,  
28 but are not limited to:

- 1 1. Which, if any, of defendants' products or services are free;
- 2 2. Whether there is any cost or obligation within the first 30-days' of service
- 3 or purchase;
- 4 3. The amount of any set-up, monthly, or recurring fee;
- 5 4. The manner in which such fee will be billed; *i.e.*, by credit card, directly, on
- 6 a consumer's telephone bill, or otherwise;
- 7 5. The means by which a consumer may cancel defendants' services without
- 8 incurring any cost or obligation;
- 9 6. The date by which a consumer must cancel defendants' services to avoid
- 10 being charged for the next month's service; and
- 11 7. Defendants' toll-free telephone number.

12  
13 **IV.**

14 **CANCELLATIONS AND REFUNDS**

15 **IT IS FURTHER ORDERED** that defendants are restrained and enjoined from failing  
16 to:

17 A. Allow any consumer given a free-trial offer at least the same number of days as  
18 stipulated in the offer to cancel a purchase from the date of delivery of sample web pages and  
19 explanatory materials, and all materials and disclosures required by this Order; and

20 B. Credit a consumer's account, issue a refund check, or request through the  
21 appropriate billing agency, as the case may be, within seven (7) business days from the receipt of a  
22 cancellation request made in accordance with this Part.

23  
24 **V.**

25 **ACCESS TO PREMISES**

26 **IT IS FURTHER ORDERED** that defendants shall continue to allow representatives of  
27 the Commission reasonable access to the premises of 1st Page to monitor compliance with this  
28

1 Order, and to inspect and copy all books, records, accounts, and other property of 1st Page,  
2 wherever located.

3  
4 **VI.**

5 **RECORD KEEPING PROVISIONS**

6 **IT IS FURTHER ORDERED** that defendants are hereby restrained and enjoined from:

7 A. Destroying, erasing, mutilating, concealing, altering, transferring, or otherwise  
8 disposing of, in any manner, any: books; records; "verification" or other audio or video tape  
9 recordings; computer tapes, discs or other computerized records; accounting data; personal and  
10 business checks (fronts and backs); correspondence; forms; advertisements; brochures; manuals;  
11 banking records; customer lists; customer files; invoices; telephone records; ledgers; payroll  
12 records; scripts; postal receipts; appointment books; state or federal income tax returns; or other  
13 documents of any kind in their possession, custody, or control; and

14 B. Failing to make and keep books, records, bank statements, documents indicating  
15 title to real or personal property, and any other data which, in reasonable detail, accurately and  
16 fairly reflect the transactions and dispositions of the assets of defendants.

17  
18 **VII.**

19 **DISTRIBUTION OF ORDER BY DEFENDANTS**

20 **IT IS FURTHER ORDERED** that defendants shall immediately provide a copy of this  
21 Order to each affiliate, subsidiary, division, sales entity, telemarketer, successor, assign, officer,  
22 director, employee, independent contractor, agent, attorney, and representative of any defendant,  
23 and shall, within ten (10) days from the date of entry of this Order, provide the Commission with  
24 a sworn statement that defendants have complied with this provision of the Order, which  
25 statement shall include the names and addresses of each such person or entity who received a  
26 copy of the Order.

1 **VIII.**

2 **SERVICE OF ORDER**

3 **IT IS FURTHER ORDERED** that copies of this Order may be served by any means,  
4 including facsimile transmission, upon any financial institution or other entity or person that may  
5 have possession, custody, or control of any documents or assets of defendants, or that may be  
6 subject to any provision of this Order.

7  
8 **IX.**

9 **CORRESPONDENCE WITH PLAINTIFF**

10 **IT IS FURTHER ORDERED** that for the purposes of this Order, all correspondence  
11 and pleadings to the Commission shall be addressed to both:

12 Jerome M. Steiner, Jr.	Stephen L. Cohen
13 Federal Trade Commission	Federal Trade Commission
901 Market Street, Room 570	600 Pa Ave., NW
San Francisco, CA 94103	Washington, DC 20580
(415) 356-5282 (voice)	(202) 326-3222 (voice)
(415) 356-5284 (facsimile)	(202) 326-3395 (facsimile)

15  
16 **X.**

17 **RIGHT TO SEEK MODIFICATION**

18 **IT IS FURTHER ORDERED** that nothing in this Order shall limit defendants' right to  
19 apply to the Court for modification of any provision of the Order.  
20

21 **XI.**

22 **RETENTION OF JURISDICTION**

23 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for all  
24 purposes.  
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